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WASHINGTON POST
31 JANUARY 1983

INSIDE: THE OFFICE OF MANAGEMENT AND BUDGET

It is one of Washington's more transparent fictions that all Cabinet members are created equal; most observers rate Office of Management and Budget Director David A. Stockman near the top of the heap when it comes to influence. But by law, he is ranked one notch below the Cabinet secretaries, a notch that costs him \$10,300 annually. (It is not clear if Congress can work up \$10,000 worth of sympathy for the man trying to cut billions from the budget.)

With last month's pay increase, the 13 men and women who carry the title "Secretary"—"Level 1" in the hierarchy—now get \$80,100 salaries (along with U.S. Special Trade Representative William E. Brock). The OMB director, though, is ranked at "Level 2," so Stockman gets \$69,800, the same as CIA Director William J. Casey, Council of Economic Advisers Chairman Martin Feldstein, Environmental Protection Agency Administrator Anne M. Gorsuch, Office of Personnel Management Director Donald J. Devine and Federal Emergency Management Agency Director Louis O. Giuffrida, among others.

For several years, Rep. Jack Brooks (D-Tex.) has introduced bills to make the OMB director's job a Level 1 post. The bills then disappear into the maw of the Post Office and Civil Service Committee. A staff aide on the human resources subcommittee, which swallows up Brooks' bills session after session, said two successive subcommittee chairmen—former representative Herb Harris (D-Va.) and Rep. Geraldine

A. Ferraro (D-N.Y.)—told OMB that until it fulfilled its promise to send the Hill legislation defining the responsibilities of all government executives, they were not going to change the status of OMB's top executive. No legislation, no promotion.

Brooks has already done his bit for Stockman and OMB in the 98th Congress by introducing a bill now called H.R. 8. (It also would amend the federal code to show that Stockman runs the Office of Management and Budget, not the Bureau of the Budget.) It remains to be seen if the subcommittee's new chairman, Rep. Donald J. Albosta (D-Mich.) will share the views of his predecessors.

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MANAGEMENT RESHUFFLING PONDERED... With Howard Messner, No. 2 in OMB's management division about to head off to become comptroller of the Energy Department, deputy director Joseph R. Wright and associate director Harold L. Steinberg are contemplating a reorganization of OMB's management side. The cards available for reshuffling are the office of personnel policy and compensation and the intergovernmental affairs and financial management divisions. Rumors abound, but nothing seems firm yet.

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HISTORIC PRESERVATION ... Now that a streamlining of state, local and federal planning reviews has been completed, OMB's intergovernmental affairs

division can turn its attention to the issue of historic preservation. The goal of preserving history, usually meaning buildings, is enshrined in several laws, and agencies from the Transportation Department to the Army Corps of Engineers to the Interior Department to the Advisory Council on Historic Preservation have ideas or rules on how state and local building projects should proceed. The White House Task Force on Regulatory Relief has wanted this regulatory underbrush cleared for a long time. It is up to OMB to figure out how to go about it. One issue OMB must tackle: whether to appoint a "lead agency" to determine government policy, a move likely to put other agencies' noses out of joint.

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HOW BLUE IS MY BUDGET?... One of the few OMB calls involving esthetics, not policy, is the decision on the color of the cover of the annual budget books. This year the decision fell to Stockman aide Diana Moore, who opted for royal blue. Two years ago, President Reagan's budget revisions were packaged that way and last year's books were a screened version of that color. "I have a shelf full of budget books going back 20 years, and I thought blue looked best," Moore said. With the exception of one year (beige), the Carter administration budgets were covered in green. In 1981, Moore explored the possibility of a red-white-and-blue cover, but decided it was too expensive.

— Felicity Barringer

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BALTIMORE NEWS-AMER
31 JANUARY 1983

Cloak and dagger '83: More covert work planned for CIA

By Knut Royce
Hearst News Service

WASHINGTON — Several weeks ago the Soviet press agency Tass accused the CIA of unleashing a swarm of killer-mosquitoes around New Delhi.

Although demonstrably absurd, the charge may have enjoyed a degree of acceptance because it came at a time when the CIA has been increasing its covert actions, a few of which have leaked out, at a pace that worries some intelligence watchers.

The Reagan administration has not bothered to conceal its support for covert operations, which it feels are a necessary instrument of national security. Indeed, according to knowledgeable sources, these overseas activities, including paramilitary operations, are, with the exception of the Vietnam War period, at the highest level in two decades.

The upsurge is even more dramatic because it has come in a relative short period of time. By the end of the 1970s, following congressional hearings on abuses by the intelligence community and massive reductions in staffing in the CIA's operations directorate, which conducts these activities, the number of covert actions

dropped dramatically, according to the sources.

But with the toppling of the Shah in Iran and the Soviet invasion of Afghanistan, the Carter administration reversed the slide and breathed new life into the operations directorate of the CIA.

Zbigniew Brzezinski, Carter's national security adviser, confirmed in an interview that the increase occurred "some time before Afghanistan (in December of 1979)" but refused to elaborate.

There is a consensus in the intelligence community that the clandestine activities have continued at an accelerated pace, though the emphasis has been on the cloak rather than the dagger.

The sources said that the bulk of covert action falls into four categories:

- "Black propaganda," or the planting of stories, often substantially accurate, in the foreign press.
- Training the palace guard or security forces of friendly foreign governments.
- The funding of friendly political parties and officials, whether they are in or out of government.
- Influencing policy through well-placed contacts in foreign governments.

At the same time, however, there are some instances, most notably in

the current efforts to destabilize the Sandinistas in Nicaragua, where the cloak is discarded and the dagger is unsheathed.

Some intelligence sources are more concerned about what could happen than about what has happened. To support their argument they point to subtle signs.

They say, for instance, that CIA director William Casey's appointment of John Stein as the agency's deputy director for operations is one such sign. The operations directorate is responsible for both the gathering of foreign intelligence and covert action.

They describe Stein, a respected career officer, as a covert action specialist, one who was the CIA's station chief in Cambodia in the early 1970s. "His expertise was in bombing targets," one intelligence source said. "He was a covert action guy from way back, and you don't pick a covert action guy unless that's what you're interested in."

Casey himself is widely described as being enthusiastic about covert operations. His intelligence roots, as a ranking officer in the Office of Strategic Services during World War II, lends support to that view.

And within the CIA there is a feeling that the covert action officers, or "cowboys" as they are occasionally

called, are gaining new prominence.

"There's a strong potential that the cowboys will be 'in,'" one CIA source said. At the same time, however, he said that many career CIA officers do not want to relive the troublesome era of the mid-1970s, when congressional committee hearings bared, with embarrassing regularity, a series of CIA dirty tricks. The attitude of those career officers, he said, creates substantial control over potential abuses.

Further, those widely publicized misdeeds prompted a series of laws and executive orders to safeguard against abuses, though some of the prohibitions, such as domestic spying by the CIA, have been lifted under the Reagan administration.

The key safeguard against abuses in foreign covert operations is the requirement by the administration to notify the two congressional intelligence committees of any covert action. This must be done in a "timely fashion."

The need for notification is by no means foolproof. "Timely" is left to the discretion of the president, and is normally after an operation has been launched.

One intelligence source with first-hand knowledge of the notification process said that a single notification will satisfy the law even though circumstances in the operation can alter substantially.

He said, for instance, that the CIA could notify the committees that it is engaged in financing and arming a government threatened by a dissident force. But if that government is toppled by the dissident force, the CIA could, under that same notification, work toward destabilizing the new regime.

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LOS ANGELES TIMES
30 January 1983

Bulgaria Knew of Plot on Pope, CIA Concludes

Sofia Had Advance Information, but Neither It Nor Moscow Instigated Attack, Agency Believes

By ROBERT C. TOTH, *Times Staff Writer*

WASHINGTON—The Central Intelligence Agency has concluded—with what is said to be 99% certainty—that officials of the Bulgarian government had advance knowledge of the assassination attempt against Pope John Paul II by Turkish terrorist Mehmet Ali Agca, with whom Bulgarian intelligence agents were working in Rome.

However, the CIA is also convinced that neither the Bulgarians nor the Soviet Union instigated the attack, which occurred 20 months ago, agency officials have said in reports within the U.S. government.

No "smoking gun," or absolute proof of Bulgarian complicity has been found by U.S. intelligence officials. Nonetheless, *The Times* has learned, CIA specialists believe that Bulgarian intelligence agents knew Agca was bent on killing the Pope but regarded him as an unstable person who probably would be captured.

'Accessories Before the Fact'

Thus, CIA analysts have reasoned, the Bulgarians would not have actively involved themselves in Agca's plotting, even if they had been interested in such an assassination.

"The CIA conclusion makes the Bulgarians—and by extension the Soviets, who control the Bulgarians—accessories before the fact," a source said. "It dilutes their guilt, but not very much."

If this CIA assessment of the still-simmering controversy is adopted by the White House, President Reagan would probably still feel free to take part in a summit meeting with Soviet leader Yuri V. Andropov—something an American President would have found difficult to do if direct Soviet involvement in an attack on the Pope had been established.

Andropov was head of the Soviet

secret police and intelligence network, the KGB, when John Paul was shot. Thus, Andropov would have had the ultimate responsibility for the attack if—as some have alleged—the KGB had ordered the killing of the Polish Pope because of his support of the Polish independent trade union Solidarity against the Communist regime in Warsaw.

"Reagan could never meet Andropov if it was proved unequivocally that the Bulgarians, and therefore the Soviet KGB, was behind the plot to kill the Pope," a U.S. official said. "Even if a strategic arms agreement were negotiated, it would be politically impossible for Reagan to sit down with Andropov."

"It would be like the U-2 affair in

reverse," another American official said, a watershed in Soviet-American relations that would have effects for a decade."

After the American U-2 spy plane was shot down over the Soviet Union in 1960, Soviet leader Nikita S. Khrushchev withdrew an invitation to President Dwight D. Eisenhower to visit Moscow. It was not until 12 years later, in 1972, that Richard M. Nixon became the first postwar U.S. President to go to the Soviet Union.

The extremely sensitive nature of a possible Bulgarian-Soviet link to the assassination attempt has led to suggestions by some intelligence analysts that the United States is deliberately steering away from blaming the Kremlin for the attack on the Pope to avoid worsening Soviet-American relations. Marvin Kalb, the NBC News correspondent who has been in the forefront in reporting the "Bulgarian connection," said in a broadcast last week that CIA officials in Rome have actively discouraged reporters from pursuing the issue.

Anti-Communism a Factor

The Administration's deep anti-communism and antipathy to Moscow would seem likely to push it toward exposing the Soviets for such a terrorist act, however, instead of trying to cover it up, a U.S. official said. And there are indications that senior Administration officials moved in that direction, at least initially.

For example, Alexander M. Haig Jr., who was secretary of state when the shooting occurred and who viewed the Kremlin as the prime supporter of international terrorism, ordered an urgent search for evidence of Soviet complicity even before the first signs of a "Bulgarian connection" appeared.

CIA Director William J. Casey was reportedly sympathetic last year to arguments, brought back from Rome by an influential Senate Intelligence Committee staff member, that the Soviets ultimately were guilty of the crime.

Several criticisms of the CIA conclusions have been made by U.S. officials and others. For one thing, very little evidence has been unearthed to connect Agca to gun and drug trafficking, unlike the other main Bulgarian and Turkish characters involved, it was said. There is overwhelming evidence, on the other hand—including his admitted assassination of a moderate Turkish editor—that Agca could be hired to kill.

Would Protect Security

More broadly, critics of the CIA assessment find it implausible that the Bulgarians would have permitted such an operation to go forward if they believed Agca was likely to get caught and thus might expose his links, whatever their nature, to Bulgarian intelligence.

Publicly, the CIA has had no comment on stories dealing with the issue. The matter is an international legal issue in the hands of the Italian government, a spokesman said.

According to sources, this is a government-wide policy based on a decision made at the highest levels of the Administration several months ago that no American impetus would be given to the assassination story for fear that it would play into Soviet hands.

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HUMAN EVENTS
29 JANUARY 1983

Proposals Awaiting the President's Attention

U.S. Intelligence Requirements for the 1980s

By CHARLES R. SMITH

United States intelligence capabilities must be substantially rebuilt if we are to meet the challenge posed by the Soviet Union in the coming decade.

This is the prevailing view of a group of well over 100 former senior intelligence officers, congressional specialists and scholars from related disciplines who have participated in a series of meetings that already resulted in the publication of a four-volume series: *Intelligence Requirements for the 1980s* under the editorship of Dr. Roy Godson, professor of government at Georgetown University.

This effort gives a scholarly and penetrating analysis of U.S. intelligence from a wide range of viewpoints different from that taken by the Church Committee in the 1970s and the ACLU-dominated "anti-intelligence lobby." These books are also significant because their conclusions on how to improve intelligence capabilities proved to be similar to policy recommendations offered in the 1980 Republican Platform, several of which are beginning to receive attention from the Reagan Administration.

The 1970s devastation of U.S. intelligence agencies by the Church and Pike committees and the continuing attack by the anti-intelligence lobby has brought into public debate questions about the nature of intelligence in a free society. Legislative and administrative restrictions were placed on U.S. intelligence during the hysteria created by the Church-Pike assault. These included covering the intelligence agencies in the Freedom of Information Act; restricting FBI investigation of subversive groups through the (Attorney General) Levi guidelines; the Hughes-Ryan Amendment, restricting CIA covert actions; and the Foreign Intelligence Surveillance Act, which restricts wiretapping of hostile intelligence officers and their agents.

The left's attack on intelligence operations went so far as to advocate outlawing the U.S. use of espionage

to recognize the Soviet strategic buildup and the failure of intelligence estimates to predict major events in areas of world crisis; for instance, the overthrow of the shah of Iran.

Thanks to the *Intelligence Requirements for the 1980s* series, we now have a comprehensive discussion of issues raised by the events of the 1970s and their aftermath.

There was (and is) a need for reform, but reform should improve our intelligence capabilities before it's too late, argue the scholars and intelligence experts who authored these books. While intelligence in a democratic-pluralistic state differs considerably from intelligence in other contemporary political systems, nevertheless it must be considered a crucial national security asset by a free society. In fact, that it is these very capabilities that protect both our freedom and the values we esteem is the conclusion of this series.

The contributors argue that for reform of intelligence capabilities to be effective, we must see intelligence as four interrelated elements which play an integral role in the foreign policy process. As such, intelligence must not be viewed as an end in itself, but must support the goals of American foreign policy.

Therefore, as Dr. Godson maintains, covert action (i.e. influence operations) is used to support overt foreign policy by most states. This is no less true of the other elements of intelligence.

Thus, "Scotty" Miller, a former CIA counterintelligence chief, says counterintelligence operations (protection against hostile intelligence sources) must be seen as a vital part of national security policy whose strategic objective is to use every available means — overt and covert — to thwart the efforts

of the KGB. It is the KGB that directs all the Soviet Bloc services, that underpins the Soviet system and carries Soviet

intelligence, Covert Action, Analysis and Estimates—is essential if we are able to restore U.S. effectiveness.

Nowhere is the need for intelligence capabilities to support the goals of foreign policy more glaringly obvious than in the area of analysis and estimates. The failure in the 1970s to provide accurate and insightful analyses about our enemies' intentions and capabilities could have easily led to political or technological surprises that resulted in military and political disaster.

The authors' agreement that any system of intelligence analysis should provide for checks and balances to ensure quality performance points to the efficacy of an approach suggested by former DIA Director Daniel Graham. He proposed that analysis and estimates should be carried on by competing intelligence bureaucracies with each having equal access to the President and the chief intelligence officer of the U.S. who would no longer be the director of the CIA. While not all of the participants in the colloquium fully agree with Gen. Graham's solution, the concept of competitive analysis has received considerable support.

In order for clandestine collection, counterintelligence and covert activities to truly support U.S. foreign policy, guidelines that prohibit investigation of groups known to be subversive or in collaboration with the Soviets and Cubans must be changed.

Revision of legislative and executive guidelines that have hamstrung our

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McDonald Says U.S. Covering Up KGB Role In Pope Shooting

By JEFF POWELL

News-Free Press Political Writer

There is "growing evidence" that U.S. government officials are "trying to suppress" information linking the Soviet secret police to the assassination attempt on Pope John Paul II in the spring of 1981, Georgia Congressman Larry McDonald charged Friday.

In letters delivered Friday morning to President Reagan, CIA Director William Casey, and Rep. Ed Boland, D-Mass., chairman of the House Select Committee on Intelligence, Rep. McDonald asks the officials to act on published allegations about a government-inspired "cover-up" designed to keep U.S./Soviet arms control and trade arrangements from being jeopardized.

"The letter to Boland asks that he schedule immediate public hearings into reported attempts by U.S. officials to suppress investigations by the Italian government and newsmen, including U.S. newsmen, into the reported role of the Soviet KGB in the attack on the pope," Rep. McDonald's press secretary, Tommy Toles, said Friday.

"The letter to Casey specifically asks whether the CIA is involved in any effort to cover up, and, if so, who gave the order for a cover-up," Mr. Toles continued. He added, however, that "no one expects" the CIA director to admit there is a cover-up, "but the reason for writing the letter is to bring it to the attention of the public."

The third letter, to the president, according to Mr. Toles, "outlines evidence that the KGB is involved based on reports in both the Reader's Digest and the NBC television news."

"Last year, NBC presented a program called 'The Man Who Shot the Pope — A Study in Terrorism,'" the press secretary explained. "The tentative implications at the time were that the KGB was, perhaps involved."

"In an updated version of the program Tuesday (Jan. 25) they said they had 'firm' evidence that the KGB was responsible, ultimately, in the attempted assassination, primarily because of the pope's vigorous support of the Solidarity movement in Poland, and (NBC) pointed out that that becomes more significant because at the time the head of the KGB was Yuri Andropov, now head of the Soviet government."

Mr. Toles continued, saying that the recent NBC report claimed the CIA and American officials have "attempted to squelch" the investigation by Italian authorities into the purported KGB links to the assassination attempt through the Bulgarian secret police.

According to the NBC reports, Mr. Toles said, the apparent reason for the "cover-up" was that "the U.S. is afraid of international repercussions if it is shown that Andropov, now head of the Soviet government, ordered the assassination, and it would endanger on-going arms control talks and trade talks between the two nations."

Rep. McDonald, when asked if he is convinced there is a KGB connection to the attempt to kill the pope, responded, "Yes, in my own mind I feel that the evidence clearly and overwhelmingly points that this was an assassination attempt to destroy the Polish pope who had given support to the Solidarity movement in Poland that was jeopardizing the stability of the subjugated countries in Eastern Europe."

"The Soviets were very fearful of what happening in Eastern Europe and felt that the movement in Poland had to be suppressed," continued the congressman. "To do that required the destruction of the Polish Pope who was giving so much support and morale to the Solidarity movement."

"In my own mind, very clearly, the KGB was behind the assassination attempt."

Congressman McDonald added that "the thing that is frightening to me is the growing evidence that our government is trying to suppress that information."

Mehmet Ali Agca, a Turk, was jailed by Italian authorities for shooting and wounding Pope Paul May 13, 1981, and authorities have charged Sergei Ivanov Antonov, former head of the Bulgarian Airlines office in Rome, with active complicity in the assassination try.

In its latest report, NBC said evidence is "even more persuasive" than earlier reported that both the Bulgarian and Soviet secret police were involved in the incident.

Declaring that "some key officials of the CIA" in Rome and Washington are "actively discouraging American newsmen and Italian investigators," diplomatic correspondent Marvin Kalb said, "Part of the explanation lies in the ironic fact that many in the U.S. and western Europe would rather not be presented with proof of Soviet complicity at this time."

"That could shatter hopes for detente, trade and arms agreements," NBC said.

All Around Town, The Fast Track Is Back

With the State of the Union newly debatable and Congress gearing up to oblige, Washington's fast track reopened for business last night at bipartisan "pit stops" all over town.

At the National Gallery of Art's Andrew W. Mellon dinner the dress was white tie and medals and the guest list strictly status, starting with President Reagan. At the Kennedy Center, the bubble-gum trade turned out for their patron saint, Jim Henson, at an American Film Institute tribute to his new series.

The Republicans celebrated the departure of RNC Chairman Richard Richards and the Washington Urban League celebrated the appointment of Betti S. Whaley as president.

They were seeing Saudi Arabian tapestries at the Textile Museum and French Impressionists at the National Gallery. Vietnam veterans gathered to see a film called "When Their Country Called" at a Disabled Vets of America reception.

Stopped at one reception, Vice President Bush said, "I've only got two—this one and the one I'm giving for [Egyptian] President Mubarak at my house."

It was a typical Thursday night in fast-track Washington.

Mixing Art and Politics

"President Roosevelt accepted the gift of the West Building in 1941. President Carter accepted the East Building in 1978. It's taken 42



CIA Director William Casey and his wife, Sophia, by Harry Naltchayan

years," President Reagan quipped last night, "but now a Republican has a chance to share in the fun."

The "fun" was a glittering white-tie dinner at the National Gallery of Art's West Building where Reagan received NGA board chairman Paul Mellon's stunning gift of 93 works of art and 75,000 square feet of exhibition space Mellon paid to remodel.

In his remarks about the gallery's founder—Paul Mellon's father, Andrew—the president lauded the philanthropist's personal commitment to the arts. "Our country is blessed with a great patron like Andrew Mellon but also with millions of less wealthy Americans who give what

most recent figures showed that Americans had contributed \$3.35 billion to cultural institutions and organizations, representing an increase of 3.2 percent over the previous year.

The evening was a chance for Reagan to spotlight the largesse of the private sector that has built and expanded the gallery and its collection through the years. Not one penny of federal funds has ever been spent to acquire works of art for the gallery.

The worlds of politics and art came together over round tables centered with topiary boxwood and heather set up around the statue of Mercury in the gallery's rotunda.

Guests dined on a spinach, salmon and sole mousse, filet of lamb with herbs and a spectacular dessert of spun sugar, meringue and pear ice cream. There were French wines and champagne.

The dinner was the second in the gallery's 42-year history to honor Andrew Mellon, the first only two years ago when Vice President Bush stood in as the ranking administration guest for the then-convalescing President Reagan. Mellon's initial gift of \$15 million founded the National Gallery of Art, which opened on March 17, 1941.

Thirty-seven years later, another gift from the Mellons, totaling nearly \$100 million, made the East Building possible.

Last night, Paul Mellon traced the history of his father's interest in art, telling the crowd how he traveled in Europe in the late 19th century and "developed a habit of buying a few pictures here and there, though there was no systematic fashion." As he continued to travel and saw great collections in England and the continent, he realized America's need for a national gallery.

"His hope was that this gift [of the gallery] would serve as a magnet attracting other gifts," said Mellon, describing how the gallery began with 125 paintings and 25 sculptures. "The building was so vast that there turned out to be 24 works of art per acre of gallery space. There was talk of guards not only for security purposes, but to direct visitors to the next painting."

Mellon, with his wife, Bunny, welcomed the president and first lady to the gallery and showed them some of the French paintings they were giving.

Mrs. Reagan was at Mellon's table, seated at his right, and the president was at Bunny Mellon's table.

Among the other guests were 180 gallery trustees, government officials and patrons of the arts, including East Building architect I.M. Pei, Defense Secretary Caspar Weinberger, Chief Justice Warren Burger, Attorney General William French Smith, USIA director Charles Z. Wick, Deputy White House Chief of Staff Michael Deaver and NGA board president John Stevenson.

The silver-haired chief justice swept into the gallery wearing a top hat and maroon velvet-lined cape. "Well, don't you look marvelous," Jean Smith, wife of the attorney general, told Burger. He later confided that he had bought the cape in Madrid.

There were one or two holdouts who showed up in black tie but otherwise there was a white-tie majority. Men who had them wore their decorations; the Knights of the British Empire—which numbered Paul Mellon among its ranks—was one of the more predominant.

From social Washington came Ethel Garrett, Joe and Barbara Allbritton and Evangeline Bruce, whose late husband, David, was first married to Paul Mellon's sister Ailsa. Ailsa Mellon's money was also used in the construction of the East Building.

Mellon said another Andrew Mellon dinner is planned for 1985 and, looking at Reagan, he continued, "We're looking forward to having you with us again in that year—also as president." The crowd burst into applause and a handful of guests rose to their feet—one of them was Chief Justice Burger.

—Donnie Radcliffe

UNITED PRESS INTERNATIONAL
28 JANUARY 1983

WASHINGTON
Reagan-Gallery

President Reagan donned white tie and tails Thursday night to accept a valuable collection of artwork on behalf of the National Gallery of Art from the foundation created by the late industrialist Andrew Mellon.

Reagan joined 200 other leaders of government and business -- the wealthy and the powerful -- for a dinner honoring the memory of Mellon, who founded the National Gallery more than four decades ago.

Reagan joked that Franklin Roosevelt accepted the original gifts of art from the Mellon family in 1941 and added Jimmy Carter opened the modernistic East Wing in 1978.

"It's taken 42 years," Reagan said, "but now a Republican has a chance to share in the fun."

The artwork was officially presented to the National Gallery by Mellon's son Paul, who serves as chairman of its board of trustees. The collection comprises 50 pictures, 24 sculptures and 19 prints and drawings by 19th and 20th Century European and American artists.

Reagan, in brief remarks, called art "a vital part of the American heritage" and said donations to cultural endeavors by individuals and organizations are on the increase.

The dinner was held in the rotunda of the original West Wing of the National Gallery. Those present included Chief Justice Warren Burger, Defense Secretary Caspar Weinberger, Attorney General William French Smith and CIA Director William Casey.

File Only

RADIO TV REPORTS, IN

4701 WILLARD AVENUE, CHEVY CHASE, MARYLAND 20815 656-4068

FOR PUBLIC AFFAIRS STAFF

PROGRAM The Bob Grant Show

STATION WMCA Radio

DATE January 20, 1983 4:10 P.M. CITY New York, N.Y.

SUBJECT Interview with Admiral Bobby Inman

BOB GRANT: If I were to tell you the name -- if I were to say the name Bobby Ray Inman, you'd probably think of a quarterback for the Alabama Crimson Tide, maybe, or the Georgia Bulldogs. It sounds like one of those Southeast Conference quarterbacks. They always have those names, you know, two names. Why have one when two will do?

But actually, Bobby Ray Inman is an admiral. Yeah, that's right. He became an admiral in the United States Navy. But even more incredible, Bobby Ray Inman was a CIA Deputy Director. I say was because he resigned last April. And there were bits and pieces of controversy over why he resigned. But the fact of the matter is, in spite of the Abbie Hoffmans and the Jerry Rubins and the Tom Haydens and the people like that, the Jane Fondas and the people like that, in spite of that, a sovereign nation has not only the right, but the duty to maintain a counterintelligence unit. In short, in order to survive, a nation must have a spy system. Call it espionage, call it counterespionage, call it any name you want, it is an honorable, necessary endeavor.

Had we not had it, we would not have beaten the Japanese and the Germans in World War II almost simultaneously in a relatively few short years. Had we not had it, General MacArthur would not have been able to make that brilliant landing at Inchon, which was never followed up the way it should have been. Had we not had it, the United States of America would not be even the vestigially free country it is today.

So make no mistake. After all, the brainwashing of the '60s and '70s, the lunacy of self-hatred, incredible mass psychosis of beating one's breast and saying, "My country is

DAYTON NEWS (OH)

17 January 1983

Fine line blurred in Nicaragua

If the Reagan Administration thinks it has mastered walking the fine line that separates putting pressure on Nicaragua's government and trying to overthrow it, it had better change its footwear.

As the situation now exists, there are a lot

of CIA types working nights in Nicaragua's general vicinity, and there are quite a few anti-government rebels inside its borders stomping around in American-made combat boots.

CIA director William Casey reportedly has testified before Congress that his agency is not trying to topple Nicaragua's Sandinista government, only trying to pressure it not to export revolution throughout Central America, particularly to El Salvador. But in the same breath, Mr. Casey admits the U.S. supported anti-Sandinista rebels are blowing up bridges inside Nicaragua, and some rebels have claimed their goal is to overthrow the government.

If that doesn't tie us directly with trying to bowl over the Sandinistas, we're at least making it awfully unsteady for them. That may be the aim of the administration, but as of now it is not the aim of the Congress or the American people.

The administration had better take another look at that fine line.

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WASHINGTON TIMES
17 JANUARY 1983

Allen says Haig's attitude created 'bootleg' channel

United Press International

Richard Allen, former national security adviser, says Alexander Haig was so insistent on presiding over all foreign policy as secretary of state that some material had to be "bootlegged" to the Defense Department.

In a chapter contributed to a forthcoming book from the Heritage Foundation, Allen writes that during the transitional period before Ronald Reagan took over from President Carter, Haig had anointed himself "vicar" of "every policy matter extending beyond the 3-mile territorial limit" of the United States.

Haig, Allen said, tried to bypass him, the National Security Council and the Pentagon on policy and security matters. But senior White House officials channeled the material back to the NSC, which established a "bootleg" operation to get the material to Defense Secretary Caspar Weinberger, he said.

Allen resigned last January after the Justice Department cleared him of wrongdoing in connection with a series of charges involving alleged unethical practices. The resignation also came in the wake of reported White House dis-

satisfaction with his performance and a year-long feud with Haig.

His views on the matter will be included in "Mandate for Leadership: Agenda '83," to be published on Friday by the conservative think-tank that has been supportive of Reagan.

Allen said that with Haig's resigna-

tion last June, the foreign policy system now works, but there are still some structural weaknesses. Allen was replaced by William Clark, who moved over from his job as deputy secretary of state. George Shultz took over from Haig at the State Department.

Haig's habit of usurping Allen's functions and those of the National Security Council and by-passing the Pentagon and other branches of government "became an exasperating problem for other Cabinet members who were amazed, sometimes amused and often angered by State's insatiable appetite for regulating the affairs of

their departments," Allen said.

In the latter stages of the pre-inaugural transition period, Allen writes, "It soon became clear ... that Haig had a quite unique conception of his duties ... that the president had essentially 'subcontracted' the entire responsibility for foreign policy to him."

Haig, he said, tried to route important papers to the president without first passing them through the NSC. "Ultimately, Haig — unlike (Defense Secretary Caspar) Weinberger or (CIA director) William Casey — occasionally attempted to 'end run' the NSC by delivering papers addressed to the president to others on the senior staff."

Allen charged the press with fueling the conflicts of foreign policy "turf" and also incorrectly reporting that Reagan had little interest in foreign affairs.

"Contrary to what frequently appeared in the press during the campaign and later, during the transition period, Reagan spent many hours over briefing papers and reading widely on foreign affairs and national security matters," Allen said.

NEW YORK TIMES MAGAZINE
January 1983

By Philip Taubman

William J. Casey, the Director of Central Intelligence, sat at the end of the mahogany conference table in his office. Outside, the late afternoon sun played across the trees that ring the Central Intelligence Agency's headquarters in northern Virginia, filling the windows with a fresco of autumn colors. A short stack of documents, some stamped SECRET, rested at Mr. Casey's left elbow, and a yellow legal pad on which he had penciled several notes was positioned to his right.

"The reason I am here is because I have a lot of relevant experience and a good track record," Mr. Casey said, alluding to comments that he was unqualified for the job and had been appointed only because he was Ronald Reagan's campaign manager. Mr. Casey, an imperious and proud man, had been fuming over the criticism for months, according to his friends, and now, in his first comprehensive interview since taking office, he wanted to set the record straight.

He flipped through the papers and extracted a yellowing clipping from The New York Times that extolled his record as chairman of the Securities and Exchange Commission from 1971 to 1973. Next, he provided several pages copied from a book about Allied intelligence operations during World War II; he had underlined a glowing assessment of his contribution to the Office of Strategic Services. The final clipping was a story that appeared in The Washington Star in the summer of 1980, describing Mr. Casey's role as Reagan campaign director. The headline: "Casey, the Take-Charge Boss."

It was an oddly defensive performance for a man who, according to classified budget figures provided by Government officials, is overseeing the biggest peacetime buildup in the American intelligence community since the early 1950's. Because intelligence expenditures are secret, it is not widely known that at a moment when the Reagan Administration is forcing most Government agencies to retrench, the C.I.A. and its fellow intelligence organizations are enjoying boom times. Even the military services, which have been favored with substantial budget increases, lag well behind in terms of percentage growth, although military-run intelligence agencies are growing almost as quickly as the C.I.A. Spending figures for intelligence agencies, including the C.I.A., are hidden within the Defense Department's budget. With a budget increase for the 1983 fiscal year of 25 percent, not allowing for inflation, compared with 18 percent for the Defense Department, the C.I.A. is the fastest growing major agency in the Federal Government, according to Administration budget officials.

intentions, integrity
and capabilities.

MILWAUKEE SENTINEL (WI)
15 JANUARY 1983

Fomenting revolutions must not be CIA's role

Is the CIA transgressing the fine line that differentiates between "pressuring" the Sandinista government in Nicaragua and trying to overthrow it?

In testimony before the Senate Intelligence Committee recently, CIA Director William J. Casey reportedly indicated it is not.

But Casey did acknowledge that CIA support had been given groups which have publicly stated they wish to overthrow the Sandinistas.

Obviously, CIA involvement in Nicaragua is a matter of definition and interpretation.

It is in Casey's best interests to minimize CIA actions. That is part of the secretive nature of the agency and also helps cool the ardor of its opponents.

But Casey also reportedly admitted that the CIA has helped anti-Sandinista rebels who have worked with the agency in CIA-launched raids into Nicaragua to destroy bridges.

He avoided direct answers when asked if American agents had entered Nicaragua.

If nothing else, Casey, by his answers and non-answers, has created a suspicion of covert involvement in attempts to overthrow the Sandinistas. Perhaps he should be warned by the administration that this is going too far.

Our relations with Central American nations and, for that matter, all of Latin America are in delicate balance. Even those who might oppose the Sandinistas in principle are wary that, if the US gets tangled in one revolutionary attempt elsewhere, the same thing might happen in their countries. Relations of Latin American countries with the US become strained if the US directly interferes in the internal affairs of any nation in the region.

There is no question that it is in our nation's best interests to maintain intelligence on what is going on in Latin America as a basis for decisions on such matters as security, economic aid and trade. The CIA should perform that function but stay at arm's length from any revolutionary fracas.

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LOS ANGELES TIMES
13 JANUARY 1983
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Letters to The Times

Memo for Reagan

The article on CIA Director William Casey (Times, Jan. 3) was overshadowed by the second paragraph where it was stated that Casey concluded that President Reagan would never "wade through" a 40-page study on Kremlin leadership policies.

The fact that Reagan is apparently unwilling to read a 40-page study on such a critical matter is appalling.

ROBERT HOUGH
Vandenberg Air Force Base

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WASHINGTON TIMES

12 JANUARY 1983

'83 predictions — Baker Bulgaria, Begin and more

JEFFREY HART

Since we're barely into the new year, here's how it looks to me:

There will be a major reshuffling of the White House staff, the only near certainty being that National Security Adviser William Clark will move up to chief of staff. He filled the staff post superbly in Sacramento for then-Gov. Reagan.

The present staff chief, Jim Baker, though extremely able, is tired and wants out. He is also in trouble with conservatives, as witnessed last month's meeting called by Lyn Nofziger, erstwhile political aide to Reagan, with the theme of making the 1984 campaign a Reagan-Bush ticket rather than a Bush-Reagan ticket — a shot at Jim Baker, who was Bush's 1980 campaign manager, and at other White House "pragmatists."

Jim Baker, who would like to be president some day, has his eye on the post of CIA director, where William Casey is in deep trouble over administrative inefficiency and the sense that things have gotten

a bit out of control on the Honduras-Nicaragua border.

My own choice, probably impossible, for national security adviser would be Henry Kissinger, a statesman of historic stature. The probable choice, however, is Tom Reed, an immensely able member of the National Security Council and a Reagan intimate from Sacramento days.

If Caspar Weinberger steps down at the Pentagon — because of

the MX "dense pack" and other embarrassments — Sen. John Tower, R-Texas, would be a strong choice for the job.

Other political parties:

Look for John Anderson to organize a new political party to give his renewed candidacy some institutional legitimacy and a sense of continuity into the future. Anderson will be liberal on social issues, but fiscally conservative — a potent combination — and, as before, his appeal will be to New Class professionals, academics and others of that sort. He will hurt the Democrats.

Although not yet reported in the press, there is a lot of talk about a possible independent conservative candidacy against Reagan, which sounds quixotic but could matter in a close election. A likely candidate would be Sen. Jesse Helms, and if the Reagan administration continues to accommodate tax-raisers like Sens. Robert Dole and Howard Baker, this nascent movement will become a reality.

In East-West relations, it soon will become crystal clear that the Soviets were behind the plot to kill Pope John Paul II, and the confessions of Turkish gunman Mehmet Ali Agca, already more than 100 pages, are going to be a sensation.

This affair will be resisted tooth-and-nail by the establishment, which has invested heavily in the idea that the U.S.S.R. is a "normal" and even a "conservative" power. The Italians are rounding up the Bulgarian instruments of the Kremlin's will.

The U.S. nuclear-freeze movement will split into the unilateralists and the disappointed. Most voters who in 1982 supported a "mutual" and "verifiable" freeze will not go along with the pacifists.

The political countdown has begun on Reaganomics, which has no more than another year to show some solid results. Reaganomics, with the tax cut as its centerpiece, is sound in theory, but has to show some results. If those results are not forthcoming, the only known cure will be looser money and some inflation.

Sen. John Glenn will move into the lead for the Democratic nomination.

Once again, Czech tennis star Ivan Lendl will not win a major title, and, once again, Martina Navratilova will be the No. 1 woman.

For the 66th year since the 1917 Revolution, Soviet agriculture will fall far short of needs because of "drought."

Someone will present a bottle of Yellow Rain to the editors of *The New York Times*, who then will declare editorially that the chemical warfare case is not yet proved.

Prime Minister Menachem Begin will be found culpable in the refugee camp massacres, but will stand for re-election and win.

Happy New Year.

Leak rules and other turkeys

Saying he has had it up to his keister with leaks from the White House about budget deliberations, President Reagan has issued rules requiring interviews with White House officials be cleared through the press office. This followed a flap over Chief of Staff James Baker telling a reporter, while they sat in a blind during a turkey shoot, that Labor Secretary Raymond Donovan should resign.

President Reagan may be up to his keister in leaks, but everybody else is up to the keister in presidents trying to forbid conversations between top government officials and the press. About this time in nearly every administration, when things are going sour, somebody tries to clamp a lid on communications. It doesn't work, and it shouldn't.

The same day the new rules went out, there was a leak of testimony by CIA Director William Casey about U.S.-backed forces in Central America committing sabotage. If the President is going to worry about leaks, this is

the kind of thing it is right to worry about. Secret information that bears on national security ought to be protected. Political sniping within the White House may be embarrassing to a President, but it does not justify efforts to squeeze off contact between the White House and the outside world.

If the President's top aides cannot be trusted to talk to reporters when they please, the President's problem is not with the press. It is with the quality of people he has working for him.

As far as conversations in turkey blinds are concerned, anybody who has ever hunted turkey can tell you that those birds have a sense of hearing even more sensitive than a reporter's. The reason you don't want people talking in a blind may be the same reason President Reagan is worried about the effect of leaks on his strange ideas for next year's budget. It might scare all the turkeys off.

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ARTICLE APPEARED
ON PAGE A 6BALTIMORE SUN
11 January 1983

"We're Keeping Out of It — We Just Let Them Use the Back Yard for Training"

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ARTICLE APPEARED
ON PAGE 2

NEW YORK DAILY NEWS
11 JANUARY 1983

Say CIA chief admits sabotage

Washington (AP)—CIA Director William J. Casey has confirmed that United States-backed rebels have sabotaged targets inside Nicaragua, but he denies that the Reagan administration aims to topple the country's leftist government, according to sources.

The sources said Casey testified in secret last month before House and Senate intelligence committees that the CIA's covert actions in the region seek to choke off the arms flow to guerrillas in nearby El Salvador and to put pressure on Nicaragua.

But in his testimony, the sources said, Casey denied published reports that the CIA was trying to overthrow Nicaragua's Sandinista government.

CASEY'S TESTIMONY reportedly succeeded in reassuring some skeptical committee members but left others still unconvinced by the CIA's distinction between pressuring a government and trying to overthrow it.

Some Nicaraguan groups that reportedly have received CIA support have declared publicly that their goal

is the ouster of the leftist Sandinistas.

While denying that the CIA shared that goal, Casey confirmed that anti-Sandinista rebels who have worked with the agency launched raids into Nicaragua and destroyed bridges, the sources said.

One source also said Casey avoided giving a direct answer when asked if American agents have entered Nicaragua. But another source said Casey and other intelligence officials have denied that Americans have entered Nicaraguan territory.

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ON PAGE A 4

BALTIMORE SUN
11 January 1983

U.S. reportedly eases support for covert acts into Nicaragua

By Henry Trehwitt

Washington Bureau of The Sun

Washington—The Reagan administration is pulling back from support of covert operations into Nicaragua out of Honduras, informed officials said yesterday.

Congressional actions combined with the adverse publicity arising from the activities by U.S.-supported anti-Sandinista rebels, they said, are dictating a more moderate approach.

Exactly what that leaves in the way of clandestine activity by the Central Intelligence Agency in Honduras remains unclear. But one official source said the administration has been forced to "balance off the policy against the reaction that it incurred."

In fact, the administration has never acknowledged publicly that it sponsored cross-border harassment, as the Sandinista government in Managua has charged, by any of the several Nicaraguan exile forces in

"It serves no point to justify the paranoia in Managua at a time when others are making the case against the regime."

—Congressional source

Honduras. But William J. Casey, the director of central intelligence, told congressional intelligence committees in secret testimony last month that such raids have occurred.

The U.S. goal, he said, was to stop the flow of arms from Nicaragua to insurgent forces in El Salvador—which other officials reported yesterday is continuing. Other officials have described U.S. policy as one of harassment of the Marxist government in Managua to force democratization, not its collapse.

But the administration left many members of Congress doubtful that a distinction was possible and worried that the administration was fixed on a course of deepening involvement. One result was congressional action in December to forbid U.S. support for "military activities for the purpose of overthrowing the government of Nicaragua or provoking a military exchange between Nicaragua and Honduras."

That language was a compromise arranged by the administration. Some members of Congress had wanted to adopt language even more restrictive.

The compromise, subject to interpretations of intent, left great flexibility for the CIA contingent in Honduras, which Mr. Casey said numbered about 50. He emphasized that Americans have not crossed the border. Nonetheless, administration officials said, the trend since Mr. Casey testified has been toward moderation without compromise of the administration's anti-Marxist goals.

Congressional concern was one reason, according to a specialist on the region. Another, he said, was changing circumstances, including the resignation late last month of Francisco Fiallos, Nicaragua's ambassador to the United States.

Mr. Fiallos became the second envoy here to quit in little more than a year. He did so after his government censored an interview he had conducted with the Nicaraguan newspaper *La Prensa* in which he criticized government policies.

Among other points deleted from the published interview, Mr. Fiallos urged a more pragmatic foreign policy, including improved relations with the United States. He complained about what he called the government's "dreadful handling" of relations with the Catholic Church and called for more political freedom for Nicaraguans.

Mr. Fiallos also was critical of U.S. policy, calling it confrontational. In fact, he said, all outsiders should "leave it to Nicaragua to solve its problem." In the aftermath he announced his support for Eden Pastora Gomez, a former Sandinista leader now in exile in Costa Rica.

The former ambassador since has become embroiled in a long-distance shouting match with the government in Managua over the disposition of money from an embassy land sale in Washington. The government says some \$618,000 is unaccounted for, Mr. Fiallos says he turned over the funds to Managua.

One congressional source suggested yesterday that the whole affair, coupled with concern in Congress, has helped persuade the administration to reduce the confrontational tone of its policy. It "serves no point," he said, "to justify the paranoia in Managua at a time when others are making the case against the regime."

There is little hope here, however, of exploiting openly the defection of Mr. Fiallos and his alliance with Mr. Pastora. The latter, known as Comandante Zero during his guerrilla days, also has remained critical of the United States.

But at least some U.S. officials are known to believe that a political alternative in Nicaragua that includes Mr. Pastora may be more practical and attractive than some present U.S. clients. Those include former national guardsmen in the regime of the late dictator Anastasio Somoza DeBayle.

"For sure the administration doesn't want that bunch back in Managua," the congressional source said. "The trick is to get acceptable policies in Nicaragua without that happening."

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RADIO TV REPORTS, INC

4701 WILLARD AVENUE, CHEVY CHASE, MARYLAND 20815 656-4068

FOR PUBLIC AFFAIRS STAFF

PROGRAM Jack Anderson STATION WEAM Radio
Mutual Network

DATE January 10, 1983 9:00 AM CITY Washington, DC

SUBJECT Armenian Terrorists

JACK ANDERSON: Armenian terrorists are the most savage in the world and cracking down on them is a top priority for the CIA.

My intelligence sources tell me it was the top of a secret meeting recently between CIA Director William Casey and top Turkish leaders.

Turkish officials told Casey that they were delighted that several Armenian extremists suspected of being terrorists were apprehended in the United States.

ASSOCIATED PRESS INTERNATIONAL
10 JANUARY 1983

By ROBERT PARRY

WASHINGTON (AP) - IN SECRET TESTIMONY LAST MONTH, CIA DIRECTOR WILLIAM J. CASEY CONFIRMED THAT U.S.-BACKED REBELS HAVE LAUNCHED SABOTAGE RAIDS INTO NICARAGUA BUT DENIED THAT THE AGENCY IS TRYING TO OVERTHROW THE COUNTRY'S LEFTIST GOVERNMENT, SOURCES SAY. ASKING TO REMAIN ANONYMOUS, SOURCES KNOWLEDGEABLE ABOUT CASEY'S TESTIMONY SAID THE CIA CHIEF TOLD THE HOUSE AND SENATE INTELLIGENCE COMMITTEES THAT THE COVERT ACTIONS ARE INTENDED TO CUT OFF WEAPONS HEADED FOR EL SALVADOR WHILE APPLYING PRESSURE ON NICARAGUA'S SANDINISTA GOVERNMENT.

BUT CASEY AND OTHER INTELLIGENCE OFFICIALS REPORTEDLY DENIED PUBLISHED REPORTS SUGGESTING THAT THE COVERT ACTIONS WERE OUT OF CONTROL AND WERE NOW TRYING TO TOPPLE THE SANDINISTAS. NICARAGUA HAS CHARGED REPEATEDLY OVER THE PAST YEAR THAT CIA-SUPPORTED, RIGHTIST REBELS HAVE CONDUCTED MILITARY RAIDS INTO NICARAGUA FROM NEIGHBORING HONDURAS. THE REAGAN ADMINISTRATION HAS REFUSED COMMENT ON THE REPORTS. SOURCES SAID CASEY'S TESTIMONY WAS INTENDED TO DEFUSE CONGRESSIONAL CONCERN OVER THE DIRECTION OF CIA CLANDESTINE ACTIVITIES IN CENTRAL AMERICA, AND BY MOST ACCOUNTS, HE SUCCEEDED IN REASSURING SOME SKEPTICAL COMMITTEE MEMBERS.

SOME MEMBERS, HOWEVER, CONTINUE TO QUESTION THE CIA'S DISTINCTION BETWEEN PRESSURING THE NICARAGUAN GOVERNMENT AND TRYING TO OVERTHROW IT, THE SOURCES SAID.

IN HIS TESTIMONY, CASEY SAID ANTI-SANDINISTA REBELS WHO HAVE BEEN WORKING WITH THE CIA HAVE CONDUCTED RAIDS INTO NICARAGUA AND DESTROYED BRIDGES, THE SOURCES SAID.

NICARAGUA CHARGED LAST MARCH THAT "COUNTERREVOLUTIONARIES" HAD DYNAMITED AND DESTROYED THE RIO NEGRO AND OCOTAL BRIDGES, BUT THE SOURCES SAID IT WAS NOT CLEAR FROM CASEY'S TESTIMONY IF THIS WAS THE INCIDENT HE WAS REFERRING TO.

ONE SOURCE ALSO SAID CASEY AVOIDED GIVING A DIRECT ANSWER WHEN ASKED IF AMERICAN AGENTS HAVE ENTERED NICARAGUA. BUT ANOTHER SOURCE SAID CASEY AND OTHER INTELLIGENCE OFFICIALS STATED CLEARLY THAT AMERICANS HAD NOT PENETRATED NICARAGUAN TERRITORY.

APPEARED
ON PAGE A-22

WASHINGTON POST
6 JANUARY 1983



Quit the Bay of Piglets

When Congress asked why the C.I.A. is waging a secret war to overthrow the leftist regime in Nicaragua, the Administration said it isn't; America is only trying to harass the Sandinist junta, not overthrow it. This spongy distinction failed to impress the legislators. At the bipartisan urging of its intelligence committees, Congress has now informed President Reagan that he may not use American arms or manpower against Nicaragua.

This constitutes a second warning to an Administration that seems to be sleepwalking into Credibility Gap. The Congressional resolution — adopted 411-0 by the House, and approved in conference by the Senate — followed many press accounts of United States help for clandestine forces raiding Nicaragua. The publicity proves that there is no way to hide such large-scale involvement with emigré adventurers.

Perhaps such covert action is justifiable after conventional diplomacy fails. But the Reagan Administration hasn't made that case even to sympathetic members of Congress.

New York's Senator Moynihan, vice chairman of the Senate intelligence committee, has said it is a serious question "whether or not the Administration is in violation of the law for the first time since the Gulf of Tonkin resolution." His doubts are shared by the Republicans' John Chafee of Rhode Island.

Any secret commitment of American forces to attacks in or against Nicaragua would violate both the Neutrality Act and the War Powers Act. The laws make no exception for mere harassment. There can now be no doubt about Congress's intent in this affair: its resolution forbids the use of "military equipment, military training or advice, or other support for military activities... for the purpose of overthrowing the Government of Nicaragua or provoking a military exchange between Nicaragua and Honduras."

News reports have put the number of C.I.A. operatives among Nicaraguan rebels in Honduras as high as 150. But Congress is said to have been assured by C.I.A. Director Casey that fewer than 50 agents are involved. It seems to have been conceded that Nicaragua's borders may have been violated by the U.S.-assisted insurgents, whose raids are meant by Washington to punish the Managua regime for supplying arms to guerrillas in El Salvador.

The operation isn't large enough to achieve any military objective but it's too large to conceal or explain away. It's a Bay of Piglets. Let President Reagan heed the views of Congress and end this meddling before it turns into something worse than an embarrassment.

HERE'S OUR STRATEGY FOR
 NICARAGUA -
 WE RUN COVERT
 OPERATIONS TO
 GET THEM
 RATTLED...



THEY TIGHTEN SECURITY AND
 SQUELCH DISSENT...
 THE REPRESSION
 FUELS UNREST...



THE PEOPLE RISE UP...
 THE GOVERNMENT
 FALLS... AND
 FRIENDS OF THE
 U.S. TAKE POWER!



OF COURSE, BASED ON
 OUR EXPERIENCE
 WITH CUBA -
 IT COULD TAKE
 A WHILE



WASSERMAN

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ON PAGE 1

LOS ANGELES TIMES
3 JANUARY 1983

Rebuilding U.S. Intelligence

Casey Shapes Up CIA, Survives as Top Spy

By ROBERT C. TOTH, *Times Staff Writer*

WASHINGTON—Last summer, several months before Leonid I. Brezhnev died, the Central Intelligence Agency produced a study of Kremlin leadership politics almost 40 pages long. It predicted that a cluster of Soviet officials would succeed Brezhnev, not a strong individual leader.

After reviewing the top-secret report before it was forwarded to the White House, Central Intelligence Director William J. Casey concluded that President Reagan would never wade through it all. So, in a brief covering letter couched in race-track parlance, he boldly predicted which Kremlin contenders would win, place and show.

Kirilenko peaked too soon, Casey told Reagan, and Chernenko faded in the stretch. Andropov is in the lead, perhaps challenged by Ustinov, with Gorbachev the dark horse and a future corner.

On the Money

As it turned out, Casey was right on the money: It was Yuri V. Andropov, not a committee, that succeeded Brezhnev as general secretary of the Soviet Communist Party. But the episode is less important as a measure of Casey the Kremlinologist than as a measure of Casey the CIA director and of the methods Casey has developed to run the multibillion-dollar-a-year U.S. intelligence community.

Casey—a scrappy, sometimes arrogant, bulky 69-year-old who retains a trace of his native New York accent—has surprised admirers and critics alike by surviving as the nation's top spy through the first two years of Reagan's tenure. Even more, he has managed to set and maintain a careful but significant pace for rebuilding the nation's intelligence capabilities.

Casey's midterm report card shows that:

—The country has experienced no known "intelligence failures" or "intelligence abuses" during his two years.

—Intelligence budgets, up 20%, have grown even faster than the Pentagon budget.

—Output of analytic studies has jumped a remarkable fivefold over the last years of the Jimmy Carter Administration.

—Covert activities have dropped somewhat in number, but individual operations have grown in size.

—And "intelligence guidelines," which are the do's and don'ts of the community, have been shortened drastically.

Casey's former deputy, retired Adm. Bobby R. Inman, believes Casey will be rated "very high" as a director of intelligence for "totally overhauling the process of making national intelligence estimates—sharply increasing their number, making them shorter and more focused on problems that policy-makers grapple with—plus winning the President's support for rebuilding the intelligence community."

'Substantially Better'

"Under Bill, things are substantially better than the public image suggests," Inman said in an interview.

Ray S. Cline, a former senior CIA official, has praised Casey for seeking to balance, with equally high priority, the need to provide accurate, in-depth analysis with the need to make it timely and useful in helping to answer the hard policy questions of government.

On the other hand, liberal critics such as Morton Halperin, director of the Center for National Security

Studies, believe Casey has "moved the CIA backward" in restricting the release of information and in resurrecting its covert action capabilities. And some conservatives, who asked not to be identified, complain that Casey has not shaken up the intelligence community as the Republican Party platform of 1980 promised a Reagan Administration would do.

Be that as it may, Casey—a veteran of American intelligence operations during World War II, a multimillionaire with an entrepreneurial bent and a former senior federal official in financial and economic areas—has no intention of leaving the job.

"I'm enjoying it," he said in an interview, "and we're making progress. I intend to stick with it."

Twelve months ago, it was far from obvious that Casey was either enjoying the job or was going to keep it long.

At that point, he was reeling from his early and almost disastrous decision to hire a fellow Reagan campaign worker, Max Hugel, as chief of the CIA's clandestine operations—a "very conspicuous mistake on my part," Casey later called it. Hugel quit after private financial irregularities were alleged in the press, but three senior Republican senators called for Casey's resignation.

The Senate Intelligence Committee re-examined Casey's financial background, too. It grudgingly con-

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ON PAGE 2A

THE WASHINGTON TIMES
3 February 1983

CIA role in probe of pope plot questioned

BY A WASHINGTON TIMES STAFF WRITER

Rep. Larry McDonald, D-Ga., has called upon the administration and Congress to investigate allegations that the United States attempted to suppress investigations linking the attempted assassination of Pope John Paul II to the Soviet State Intelligence Service (KGB).

In letters to President Reagan, CIA

Director William Casey, and Rep. Edward Boland, D-Mass., chairman of the Permanent Select Committee on Intelligence, McDonald said there is mounting evidence that the KGB was either directly involved in the attempt or at least knew the attempted assassination would occur.

He said there is also evidence that the

CIA tried to suppress the efforts of newsmen and Italian authorities to link the KGB to the attempt on the pope's life. McDonald asked Casey to respond to charges of a coverup, for Reagan to order the CIA to cooperate with Italian authorities in their investigation, and for the House intelligence committee to hold public hearings on the issue.

3 JANUARY 1983

STAT

CASEY PREDICTED ANDROPOV LEADERSHIP; SHAPES UP CIA;
LOS ANGELES (AP) - SEVERAL MONTHS BEFORE LEONID I. BREZHNEV DIED;
CENTRAL INTELLIGENCE DIRECTOR WILLIAM J. CASEY CORRECTLY PREDICTED
ANDROPOV WOULD BE CHOSEN AS THE NEXT SOVIET LEADER; THE
LOS ANGELES TIMES SAID TODAY.

CASEY MADE THAT PREDICTION DESPITE CONCLUSIONS BY HIS STAFF IN A
40-PAGE REPORT THAT A CLUSTER OF SOVIET OFFICIALS WOULD SUCCEED
BREZHNEV; NOT A SINGLE LEADER; THE NEWSPAPER SAID.

CASEY, A 69-YEAR-OLD MULTIMILLIONAIRE AND FORMER SENIOR FEDERAL
ECONOMIC OFFICIAL; HAS TAKEN HOLD OF THE CIA; CHANGED SOME OF ITS
METHODS AND DECIDED HE LIKES THE JOB; THE PAPER SAID IN A FRONT-PAGE
STORY BY ROBERT TOTH; THE TIMES' REPORTER EJECTED FROM THE SOVIET
UNION IN 1977 AMID ALLEGATIONS OF ESPIONAGE WHICH HE DENIED.

"UNDER CASEY, I THINK THE INTELLIGENCE PRODUCT HAS BECOME MORE
TIMELY," SAID SEN. RICHARD G. LUGAR, R-IND.; WHO LAST SPRING WAS
QUOTED AS SAYING CASEY DID NOT KNOW ENOUGH TO BE ASKED FOR ADVICE ON
INTELLIGENCE ISSUES.

CASEY'S FORMER DEPUTY WHO RESIGNED LAST YEAR; RETIRED ADM. BOBBY R.
JHMAN; SAID HE BELIEVES CASEY WILL BE RATED "VERY HIGH" AS A CIA
DIRECTOR FOR "TOTALLY OVERHAULING THE PROCESS OF MAKING NATIONAL
INTELLIGENCE ESTIMATES - SHARPLY INCREASING THEIR NUMBER; MAKING THEM
SHORTER AND MORE FOCUSED ON PROBLEMS THAT POLICY-MAKERS GRAPPLE WITH
- PLUS WINNING THE PRESIDENT'S SUPPORT FOR REBUILDING THE
INTELLIGENCE COMMUNITY."

CASEY'S TENURE HAS BEEN MARKED BY SOME SHARP CONFLICTS WITH
CONGRESS; BUT CASEY SAID HE'S ENJOYING THE JOB.

"WE'RE MAKING PROGRESS. I INTEND TO STICK WITH IT," HE SAID.

A YEAR AGO, THREE SENIOR REPUBLICAN SENATORS ASKED FOR CASEY'S
RESIGNATION AFTER HIS DISASTROUS DECISION TO HIRE MAX HUGEL, A FELLOW
REAGAN CAMPAIGN WORKER; AS CHIEF OF THE CIA'S CLANDESTINE OPERATIONS.
HUGEL QUIT AFTER NEWS REPORTS OF PRIVATE FINANCIAL IRREGULARITIES;
AND CASEY CALLED THE DECISION TO HIRE HUGEL A "VERY CONSPICUOUS
MISTAKE ON MY PART."

AP-NY-01-03 0717EST

CIA behind attempt to overthrow Nicaragua regime, R.I. woman who worked in countryside says

By RANDALL RICHARD
Journal-Bulletin Staff Writer

PROVIDENCE — The former editor of the English language edition of the official government newspaper in Nicaragua said yesterday that the Central Intelligence Agency, despite claims to the contrary, is continuing a covert campaign to overthrow the Nicaraguan government.

Dina O'Connell, a former Rhode Islander who quit her post several weeks ago as editor of *Barricada Internacional*, disputed statements attributed to CIA Director William J. Casey on Friday that the CIA's chief objective in supporting covert operations against Nicaragua is aimed solely at stopping the flow of arms to guerrilla forces in nearby El Salvador.

She called Casey's remarks nothing more than a transparent "coverup" of CIA intentions.

Miss O'Connell, who is visiting her parents in North Scituate but plans to return to Nicaragua soon, was responding to reports that Casey had met last month with key Congressmen and had convinced them to tone down the language of a congressional ban against CIA activity aimed at overthrowing the Nicaraguan government.

Miss O'Connell said it is naive to believe that the CIA can be working with those who seek to topple the Nicaraguan government but is in no way connected to their effort.

Allegations that Nicaragua is providing military support to rebels in El Salvador, she said, "have never been proved to anyone's satisfaction" and yet the allegations supposedly provide the basis for CIA activity against the Nicaraguan government.

IN THE past several months, she said, guerrilla activity against the Sandinistas has increased dramatically. She said she believes the goal is clearly to overthrow the government of Nicaragua.

"People are terrified about going out at night — or even to go out along the border area to harvest the coffee crop," she said.

The perception in Nicaragua, Miss O'Connell said, is that the military activity against the Sandinista government could soon escalate into a full scale invasion — an invasion that would be backed overtly by the U.S. government.

The goal, she said, seems to be to establish a beachhead in Nicaragua — to declare a liberated zone and hold it for 72 hours in order to give the United States a pretense for openly supporting the counter-revolutionaries.

MISS O'CONNELL, who has been working in Nicaragua as a Maryknoll lay missionary since 1980, said the Maryknoll community in that country views the Sandinistas — not their U.S.-backed enemies — as the best hope for the people of Nicaragua.

The Maryknolls in Nicaragua, she said, have lived with the poor in Central America for too long and have felt the tyranny from right-wing dictatorships too acutely to ever want a return to the past.

Despite what she sees as repeated attempts by the Reagan administration and the U.S. press to discredit the Sandinistas, Miss O'Connell said the Maryknolls in Nicaragua continue to support the government there.

"Maryknoll is very much a part of the people in Nicaragua and we are saying — as most of Nicaragua is saying — that as long as this government continues to provide ... for the majority of the people — for the poor — we are with the revolution.

"That is not to say that we are with the revolution come hell or high water. We are not supporting it with our eyes closed. We are saying that we've seen the other side and we've seen what this revolution has done...."

But most Americans, Miss O'Connell believes, are ill-informed about Latin America in general and Nicaragua in particular. The fault, she says, lies with the press in the United States — a press that seems to her to be biased against the American public ignorant of developments in Latin America.

"I THINK it's the fault of journalism — of news in this country. If I were just sitting here reading the paper every day and buying the New York Times as I do once a week — and watching network news — I wouldn't know anything either. I would be very confused."

Miss O'Connell cited a recent series of articles in the Providence *Sunday Journal* on the plight of the Miskito Indians in Nicaragua and Honduras as an example of the "one-sided" reporting from Central America.

"Basically, there are those who feel it is best to keep this country in ignorance and that's a political decision ... no matter how free we say our press is," she said.

"I argue with journalists who come down to us (in Nicaragua) and want to scream about the censorship of *La Prensa* (the newspaper that has become highly critical of Sandinista policies). I say that even with the censorship we have on *La Prensa* we get more news and a better picture of what's happening in the world than I get sitting here in Rhode Island."

THE DIFFERENCE between the press in the United States and the government-controlled press in Nicaragua, Miss O'Connell said, is that *Barricada*, for example, "makes no bones about what it is" — that it doesn't pretend to be an impartial publication.

"There were stories that *Barricada* wouldn't print — stories about some of the good things a few of the conservative groups were doing down there. They wouldn't print them because they didn't consider them newsworthy — because they didn't want to paint them (the conservatives) in a good light ... just as the demonstrations (against U.S. foreign policy in Latin America) that have been going on every Friday for two years in front of the Federal Building in Providence are not considered newsworthy here."

MISS O'CONNELL said she quit her post as editor of *Barricada Internacional*, a volunteer job, to become a freelance journalist. She hopes to write for a number of publications, particularly magazines, that are willing to publish stories that will serve as an alternative information about events in Latin America.

CONTINUED

UNITED PRESS INTERNATIONAL
2 JANURARY 1983Convert CIA Operations in Nicaragua Charged
PROVIDENCE, R.I.

Despite claims to the contrary, the Central Intelligence Agency is involved in a secret campaign to overthrow the Nicaraguan government, the former editor of an official government newspaper charges.

Dina O'Connell, who quit her post several weeks ago as editor of the English language edition of Barricada Internacional in Nicaragua, disputed statements attributed to CIA Director William J. Casey.

Casey said Friday the agency's chief objective in supporting covert operations against Nicaragua is aimed solely at stopping the flow of arms to guerrilla forces in nearby El Salvador.

Casey's remarks are nothing more than a transparent 'coverup' of CIA intentions, Miss O'Connell told the Providence Sunday Journal.

Miss O'Connell is visiting her parents in Rhode Island, but plans to return to Nicaragua soon. The Maryknoll sister left her volunteer post at the government newspaper to become a freelance writer.

Miss O'Connell was responding to reports that Casey had met last month with key congressmen and had convinced them to soften the language of a congressional ban against CIA activity aimed at overthrowing the Nicaraguan government.

She said it is naive to believe that the CIA can be working with those who seek to topple the Nicaraguan government but is in no way connected to their effort.

Charges that Nicaragua is providing military support to rebels in El Salvador, Miss O'Connell said, 'have never been proved to anyone's satisfaction' and yet still provide the basis for CIA activity against the Nicaragua government.

EXCERPTED

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ON PAGE B-1

WASHINGTON POST
1 JANUARY 1983

The Dubious Deals Of Reagan's Crowd

Behaving like the public trust is your private corporation

By Robert G. Kaiser

IF YOU DON'T LIVE in Richmond (where the Times-Dispatch put the story on the front page) you probably don't know about Dennis E. LeBlanc, who earns \$58,500 of your tax dollars each year for official duties that include chopping wood and sweeping out the barn at President Reagan's ranch.

Improbable? Not in this administration.

LeBlanc is a former California highway patrolman who served on Gov. Reagan's security detail in Sacramento, and later worked for Ronald Reagan, private citizen, handling affairs at his ranch. He came to Washington with President-elect Reagan, worked in the White House's office of special support services, then last June moved over to the Commerce Department's National Telecommunications and Information Administration. LeBlanc became "associate administrator for policy analysis and development," a top-level job that pays \$58,500.

LeBlanc spent two of his first five months on this job in Santa Barbara, at the Reagan ranch, cutting wood, cleaning stables, building fences and "coordinating" the work of Secret Service security and communications personnel on the ranch, whose facilities LeBlanc helped build in his earlier, White House job.

"I feel perfectly at ease with it," LeBlanc said on the phone last week. "I look at it as just a detailee to the White House." Lots of government officials get detailed to the White House, he added.

Earlier, LeBlanc told John Hall of the Media General news service in an interview published in Richmond: "Chopping wood may seem like a vacation to some people. But the total amount of time I spend during a year is considerable."

What about the time away from telecommunications policy analysis? "This is not a day-to-day hotbed of activity," LeBlanc told Hall, speaking of the telecommunications office at Commerce. "I do call in and find out how things are going."

Obviously, LeBlanc is a crony of the president's; Reagan likes to have his company when he is out chopping brush on the ranch. But he is a crony earning top dollar on the peoples' payroll.

In other times, an arrangement like this might have been called a scandal. But in Ronald Reagan's Washington, it gets a shrug.

To some extent Richard Nixon deserves the credit for this. One of Nixon's most baleful legacies to his countrymen was the "I-am-not-a-crook" plea. Somehow Nixon managed to establish the idea that if a public figure can stay out of the pokey, everything else is okay.

But could Nixon have stood before any audience and said, with a straight face, "I am not a sleazy, conniving rogue?" Probably not. He wanted the world not to care about that sort of thing, and to an incredible degree he got what he wanted. Americans no longer seem capable of outrage at behavior that is simply improper or dubious. We seem to demand the smoking gun — as in the case of Labor Secretary Donovan — that will put a fellow in the clink before we'll get mad.

Well, that's a theory, anyhow. You need some kind of theory to explain the apparent public indifference to the cases of embarrassing behavior in the Reagan administration. These are not "cases" in the police-blotter sense; none of the embarrassed members of this administration has been charged with a crime — not Richard V. Allen, or William J. Casey, or Raymond J. Donovan, or Max Hugel, or William French Smith, or James G. Watt, or Robert P. Nimmo, or Nancy Harvey Steorts, or William F. Harvey, or Donald Bogard, or Frederic N. Andre, or Thomas C. Reed, or John F. Lehman, or any of the others. No, these cases raise questions about other kinds of abuses — greed, corner-cutting, or cynical misuses of power. Many of these cases suggest a willingness to treat the federal government like one's own private corporation. They are "cases" in a political sense — cases of people in high position who have engaged in behavior that raises doubt about whether they deserve high position.

It isn't easy to read the long newspaper articles that describe instances of questionable behavior by high officials. They are detailed, complex and written under the eye of lawyers who rarely help clarify a story. It is harder still to remember the details of particular cases, especially after some Senate committee or the Justice Department has concluded that the person in question is not guilty of any crime, or "not unfit to hold office," in the felicitous phrase the Senate Intelligence Committee found to express its confidence in Casey, the director of the Central Intelligence Agency.

But rereading earlier stories about all of these individuals now, and doing it all at one sitting, creates a powerful impression. What follows is a selective review of some high points of the record up to now:

William J. Casey. Casey, who helped run Ronald Reagan's presidential campaign, fought to become his secretary of state and settled for CIA director, has had a long career as a businessman and lawyer that has involved numerous lawsuits and a series of confirmation fights when he was appointed to high office in the Nixon, Ford and Reagan administrations. A thorough review of Casey's past would fill the Outlook section. Two instances, neither very well publicized, raise relevant questions about Casey.

ANYONE AT ALL
ON PAGE A-1

WASHINGTON POST
1 JANUARY 1983

STAT

Nicaragua: Hill Concern on U. Objectives Persists

By Patrick E. Tyler
Washington Post Staff Writer

Seeking to defuse reports that the Reagan administration is trying to topple Nicaragua's Sandinista government, CIA Director William J. Casey has told key members of Congress that the administration's chief objective in supporting covert operations against Nicaragua is stopping the flow of arms to guerrilla forces in nearby El Salvador.

According to Capitol Hill sources familiar with Casey's closed-door briefings during December to congressional committees overseeing U.S. intelligence activities, his assurances satisfied some members and prompted no major protests, but left a number of questions unresolved.

The uppermost concern expressed by oversight committee members is whether the United States can avoid a deepening military and paramilitary involvement in Central America when continuing to support Nicaraguan exile groups whose openly stated goal is the overthrow of the current Sandinista leadership.

Questioning Casey's contention that the administration is doing this only to interdict arms traffic to Salvadoran guerrillas, one congressional oversight committee member said, "You can't get people to fight for interdicting arms."

The Casey briefings added another layer to the continuing controversy over the Reagan administration's objectives in Nicaragua, whose 3-year-old Sandinista government has established increasingly close ties to Cuba and the Soviet Union.

The policy conflict was underscored by statements of senior State Department officials as recently as November indicating that arms interdiction had become a secondary goal in the administration's strategy for Nicaragua.

These officials told members of Congress and reporters in background briefings that the administration's primary goal was to isolate and pressure the Sandinista government until it becomes more democratic and gives up some control to more moderate political forces in the country.

Reacting to reports of escalating CIA activity against Nicaragua, Congress banned any U.S. support for the overthrow of the Nicaraguan government.

But congressional sources said

Casey successfully lobbied congressional leaders to tone down the language of the prohibition and leave the CIA free to continue giving money and other support to several thousand Nicaraguan exiles based in camps along the Honduran border and inside Nicaragua.

These groups conduct what administration officials have characterized as "harassment" in raids against Nicaraguan militiamen in the country's sparsely populated northern frontier regions.

The Casey briefings came a year after President Reagan signed, on Dec. 2, 1981, a presidential "finding" required under the National Security Act to justify as a matter of law and national interest the "support and conduct of political and paramilitary operations against the Cuban presence and Cuban-Sandinista support structure in Nicaragua and elsewhere in Central America."

But press disclosures in the wake of that decision have made the Nicaraguan campaign one of the least secret covert operations in CIA history. An assessment of the program, according to officials who have monitored it, indicates that the administration has achieved very limited results:

- The Nicaraguan government continues to provide logistical support to the supply of arms to Salvadoran guerrillas. The Sandinista leadership continues its close ties with Cuba, and has made no discernible move toward accepting a U.S. demand that Nicaragua reduce the size of its large standing army and militia forces before negotiating improved relations with the United States.

- Though the overland routes from Nicaragua through Honduras to the Salvadoran frontier are better protected against arms traffic, guerrilla resupply is still active via air corridors along the Pacific coastline.

- The efforts of Nicaraguan exile groups to unite in an attractive alternative to the present Sandinista regime continue to be hamstrung by an over-representation of former national guardsmen who served the government of the late Gen. Anastasio Somoza and by the refusal of one of the most popular exile leaders, Eden Pastora, to join them.

- A planned 1,000-man paramilitary force, described in the CIA's proposal to Reagan in November, 1981, as undergoing training in Argentina, was never deployed in the region. And in the aftermath of the Falkland Islands war, during which the United States provided support to Britain in its fight against Argentina, the Argentine commitment to working with the U.S. covert forces has been limited to providing about three dozen advisers to exile groups.

"I don't see where we've accomplished a damn thing," said one congressional critic reviewing the impact of the CIA program.

The only measure of success in the Nicaraguan campaign was